



David A. Skeel Jr.  
**Chair**

## **Members**

Andrew G. Biggs  
Arthur J. González  
Antonio L. Medina  
John E. Nixon  
Justin M. Peterson  
Betty A. Rosa

Robert F. Mujica Jr.  
**Executive Director**

### **BY ELECTRONIC MAIL**

May 30, 2023

Dr. Luis A. Ferrao Delgado  
President  
University of Puerto Rico

### **Re: Serrallés Construction Corp.**

Dear Dr. Ferrao Delgado,

In accordance with the Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed contract between the University of Puerto Rico (the “UPR”) and Serrallés Construction Corp. (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Dr. Ferrao Delgado

May 30, 2023

Page 2 of 2

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the UPR and solely with respect to the Proposed Contract.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury  
General Counsel

## APPENDIX A

(Page A-1)

UPR – SERRALLÉS CONSTRUCTION CORP.

### Fiscal Plan Alignment

This review covers the Proposed Contract between the UPR and Serrallés Construction Corp., which stems from a competitive procurement process (JSMP 23-004) and contemplates the construction of a Rehabilitation and Integrated Services Center in the UPR's Ponce campus. It has a term from its date of execution until **June 30, 2024**, and substantial completion must be achieved within **365 days** from the date indicated in the Notice to Proceed. Further, the Proposed Contract has a maximum payable amount of **\$3,390,000**, consisting of a \$2,683,000 lump sum and the following alternates:

- Perimeter fence with benches, walls, and footings - \$355,000;
- Right and left front terraces - \$122,000;
- Electric generator - \$88,000;
- Pool, pool restrooms, and surrounding sidewalk - \$102,000; and
- Pool roof - \$40,000.

The Proposed Contract shall be fully payable with general funds allocated in **Account No. 10461.692.000.7711.000.85C000044000.00**, which corresponds to prior year funds allocated in the UPR's Projects account, to be used during Fiscal Year 2023. The UPR has certified that the funds required for payments under the Proposed Contract are allocated in the corresponding account. As such, the Oversight Board's review indicates that the UPR has sufficient funds in Fiscal Year 2023 to cover the cost of the Proposed Contract as of the date of this letter. This determination does not consider the extent to which total available funds will be subsequently encumbered by the UPR throughout the Proposed Contract's term. Consequently, we rely on the UPR's budget certification for purposes of this review.

In the event that the Proposed Contract causes the UPR to exceed its Fiscal Year 2023 Certified Budget, it must find savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the same. Furthermore, insofar as the Proposed Contract will be funded with future certified budgets, the UPR must ensure that such budgets incorporate all costs related to the Proposed Contract.

The UPR is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Contract should any changes occur.

*This review was conducted on the basis of information submitted by the UPR. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.*